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RESIGNATION OF THE BOARD OF DIRECTORS OF HOLY TRINITY NON-PROFIT RESIDENCES OF YORK

The Community Services and Housing Committee recommends the adoption of the recommendations contained in the following report, November 9, 2004, from the Commissioner of Community Services and Housing:

1. RECOMMENDATIONS

It is recommended that:

1. The Region, as Service Manager under the *Social Housing Reform Act, 2000*, request Ministerial consent to the appointment of a Board of Directors to replace the current Board of Holy Trinity Non-Profit Residences of York.
2. Joann Simmons, Commissioner, Community Services and Housing, Dennis Norton, Director, Business Services, Sylvia Patterson, Director, Housing and Residential Services, Janis Vanderburgh, Senior Solicitor, and Kerry Hobbs, Manager Housing Programs, be authorized to serve as the Board of Directors for Holy Trinity Non-Profit Residences of York until such time that the Region determines a plan for Holy Trinity concerning its future status and operations.
3. Additional Director's and Officer's liability insurance for such individuals be acquired as determined by the Region's Insurance and Risk Manager.
4. The Region indemnify and save harmless such individuals from any liability arising from their assumption of these duties.
5. Regional staff investigate options and develop a business case for the long term disposition of Holy Trinity Non-Profit Residences of York and report back to Committee and Council.

2. PURPOSE

The purpose of this report is to seek Council approval to put in place a structure to address issues arising from the sudden and imminent resignation of the Board of Directors of Holy Trinity Non-Profit Residences of York, a non-profit housing provider administered by York Region under the *Social Housing Reform Act, 2000*.

3. BACKGROUND

Holy Trinity owns and operates a 100 unit non-profit townhouse complex located at 37 Bates Way in the Town of Markham (Woodbine Avenue, between Major Mackenzie

Drive and 16th Avenue). The complex was constructed under a Provincial housing program that was subsequently devolved to the Region.

Holy Trinity Non-Profit Residences of York (Holy Trinity) was incorporated in 1990 by a group of retired businessmen loosely affiliated with a Richmond Hill faith community. Two of the current Board members have served as directors since the inception of the Corporation.

The Board of Directors recently submitted a collective resignation to the Region, effective December 31, 2004. The Board has further indicated that they are not able to recruit replacement directors and that given the challenges of the housing program requirements, combined with their ages, they are unable to continue.

4. ANALYSIS AND OPTIONS

The Region's relationship with Holy Trinity is governed by the *Social Housing Reform Act, 2000* (the Act). The Act sets out remedies the Region can apply when a housing provider fails to fulfill prescribed obligations. In this case, Holy Trinity has ceased to carry on business in the normal course and as such is in breach under the Act. The Region's remedies include acting on behalf of the housing provider and appointing a new Board of Directors. In order to appoint directors, the Region must obtain the consent of the Minister of Municipal Affairs and Housing.

4.1 Regional Authority to Act on Behalf of Holy Trinity

When a housing provider is in a breach situation, the Region is empowered to perform any of the duties and exercise any of the powers the housing provider has under the Act. As such, the Region can immediately take steps to ensure the continuity of business of the non-profit corporation and the maintenance of services required by Holy Trinity tenants.

Holy Trinity currently has a contract in place for property management services. As an interim measure, the Region can administer the property management contract on behalf of Holy Trinity. The Region will not itself provide property management services to Holy Trinity.

4.2 Long-term Options for the Disposition of Holy Trinity

Holy Trinity provides a valuable community service. The corporation is financially sound and the buildings are in reasonable condition. With a new governance structure in place, Holy Trinity will be well positioned to continue providing affordable housing for many years.

It is therefore appropriate to focus on available governance options for the Corporation, which could include:

- Transferring the Corporation's assets and program obligations to another non-profit corporation.

- Integrating the complex into the Housing York Inc. portfolio.

Considerable research is required to assess the available options and to develop a business plan for the disposition of the project.

4.3 Appointment of a Board of Directors to Administer Holy Trinity on an Interim Basis

The Region's legal staff advises that the authority to act on behalf of the non-profit does not provide sufficient scope to take the steps necessary to address the long-term status of the Corporation. A new Board of Directors is required to conduct the business of Holy Trinity in accordance with the Corporation's approved by-laws. The Board of the Corporation would also be responsible to make decisions as to the long-term governance model for the Corporation. Any decisions of the Board with respect to sale or transfer of the Corporation's assets would be subject to the approval of Council in its role as Service Manager.

The Holy Trinity by-laws require a Board of five directors. Joann Simmons, Commissioner, Community Services and Housing; Dennis Norton, Director, Business Services; Sylvia Patterson, Director, Housing and Residential Services; Janis Vanderburgh, Senior Solicitor; and Kerry Hobbs, Manager Housing Programs; have agreed to serve as the Board of Directors for Holy Trinity Non-Profit Residences of York until such time as a plan for disposition of the Corporation can be implemented.

Holy Trinity has existing directors' and officers' liability insurance coverage of approximately \$5 million. Regional Councillors who are also Board members of Housing York Inc. (HYI) have insurance coverage of \$10 million. It is requested that coverage for these staff to act as Holy Trinity Board members should be comparable to HYI Board members. Costs of such coverage will be charged to the operating budget of Holy Trinity.

5. FINANCIAL IMPLICATIONS

The Region currently provides funding to Holy Trinity in accordance with the requirements of the Act. All costs related to the operation of Holy Trinity will be managed within the non-profit's existing budget. There is no additional cost to the Region.

6. LOCAL MUNICIPAL IMPACT

Holy Trinity provides housing for 100 Markham families and as such is an important community resource. Developing a plan for long-term management and governance of the Corporation will ensure that Holy Trinity continues to provide this valuable service.

7. CONCLUSION

Holy Trinity's Board of Directors has performed an important voluntary community service for many years. Unfortunately, the Board members have determined that they feel that they can no longer continue as directors. Under the Act, the Region has the necessary authority and the legal obligation to take steps to ensure business continuity for Holy Trinity. This report outlines the interim steps to be taken. A long-term plan will be developed and brought back to Committee and Council for consideration.

The Senior Management Group has reviewed this report.